



First Security Bank of Utah

NATIONAL ASSOCIATION
MEMBER FIRST SECURITY CORPORATION SYSTEM OF BANKS

TRUST DEPARTMENT

POST OFFICE BOX 30007, 79 SOUTH MAIN STREET
SALT LAKE CITY, UTAH 84125

August 7, 1979



Denise Dragoo
Department of Natural Resources
Board of Oil, Gas, and Mining
1588 West North Temple
Salt Lake City, Utah 84116

Re: Rio Algom Escrow

Dear Ms. Dragoo:

Enclosed please find a copy of the Escrow Agreement which I have modified where indicated by underlining.

I look forward to hearing your comments as soon as possible. If you have any questions, please call me at 350-5631.

Sincerely,

A handwritten signature in dark ink, appearing to read "John W. Porter".

John W. Porter, Esq.
Corporate Trust Counsel
Corporate Trust Department

/vld

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

(ESCROW AGREEMENT ✓)

AGREEMENT made this _____ day of _____, 197__, between the Board of Oil, Gas, and Mining, hereinafter called the Board, and Rio Algom Corporation, a Delaware Corporation, hereinafter called the Operator, and _____, a Utah Corporation located at _____, hereinafter called the Escrow Agent.

WHEREAS, the Board and Operator have entered into a Mined Land Reclamation Agreement dated the _____ day of _____, 197__, hereinafter referred to as the Reclamation Agreement, upon terms and conditions therein set forth.

WHEREAS, the Operator desires to execute an Escrow Agreement in lieu of furnishing a bond or other form of surety for the purpose of meeting the requirments of Section 40-8-14, U.C.A. 1953.

IT IS THEREFORE AGREED:

1. Deposit of Escrow Funds

Commencing on the first day of _____, 197__, and on the same date annually thereafter, the Escrow Agent agrees to accept and the operator agrees to deposit \$75,973 in what will hereinafter be referred to as the Escrow Fund, until such time as the said Escrow Fund contains \$3,064,312, including interest earned. The cumulative amount, including the current deposit and interest earned, which shall be in the Escrow Fund on the first day of _____ in each year shall be as shown in the Schedule "A" attached hereto. The said schedule for calculations is based on the assumption that the Escrow Fund will earn income at the rate of 5% annually. If the income earning experience of the Escrow Fund is less than sufficient to equal the annual value shown in the attached Schedule "A" in any particular year, then the Operator agrees to increase the amount of the deposit for that year so that the value of the Escrow Fund, after crediting the deposit, will be the amount shown in the attached schedule for the appropriate year. Deposits shall continue to be made to the Escrow Fund for 22 years or until such time as the total amount in the Escrow Fund is \$3,064,312, or such lesser amount provided for in paragraph 4 of the Mined Land Reclamation Agreement, whichever shall first occur.

2. Depository of Fund

The Fund shall be held by the Escrow Agent in an interest-bearing account separate and apart from the personal funds of the Escrow Agent until such time as the Escrow Agent receives written direction with respect to the disbursement of said Fund, together with interest earned thereby signed by both the Board and the Operator. The Escrow Fund or any part thereof may be invested in Treasury bills, notes, or bonds issued by the U. S. Government or by its agencies or by any state and in bonds or commercial paper issued by corporations, banks, and utilities which have a single "A" or higher bond rating from either Standard and Poor's Corporation or Moody's. The Operator is hereby authorized to instruct and direct the Escrow Agent with respect to investment of moneys in the Escrow Fund within the limits set forth immediately hereinabove.

Any cash balances in the Escrow Fund resulting from contributions, earned interest, or proceeds from sale, maturity, or other repayment of any investment will be deposited in an interest-bearing account for benefit of the Escrow Fund.

3. Disputes

In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with any money, or property involved herein or affected hereby, the Escrow Agent shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing, the Escrow Agent shall not become liable to the undersigned or any of them or to another person for failure or refusal to comply with such conflicting or adverse demands and the Escrow Agent shall be entitled to continue to refrain and refuse to act until:

- (a) Subject to paragraph 8 below, the rights of the adverse claimants have been finally adjudicated in a court assuming and having jurisdiction of the parties, the money, and property involved herein or affected hereby; and/or
- (b) all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing signed by all of the interested parties.

4. Escrow Agent Provisions

The Escrow Agent shall not be liable for any error of judgment or for any act done or step taken or omitted by him in good faith, or for any mistake of fact or law or for anything which he may do or refrain from doing in connection therewith, except his own willful misconduct.

Rio Algom Corporation agrees to pay the Escrow Agent compensation for its services hereunder, which compensation shall be (see attached "Schedule of Fees") at the time of acceptance and (see attached "Schedule of Fees") annually thereafter and agrees to reimburse the Escrow Agent for all reasonable expenses, disbursements, and advances incurred or made by the Escrow Agent in performance of its duties hereunder (including reasonable fees, expenses, and disbursements of its counsel). Escrow Agent is hereby granted a first lien on all property and moneys held in the Escrow Fund and shall be under no obligation to deliver any of said property or moneys until such lien is discharged, anything herein contained to the contrary notwithstanding.

for ~~the~~ payment of reasonable fees; ~~expenses~~ disbursements and payable to the Escrow Agent and

The Escrow Agent does not have and will not have any interest in the securities, or any of them, deposited hereunder, except for its first lien securing payment of its fees, but is serving only as escrow holder and has only possession thereof. Rio Algom agrees to pay all transfer taxes relating to the securities and any of them and agrees to reimburse, indemnify, and hold harmless the Escrow Agent from any amounts that it is obligated to pay in the way of transfer taxes. The immediately preceding agreement survives, despite any termination of this Escrow Agreement or the resignation or removal of the Escrow Agent.

This Agreement shall be construed and enforced according to the laws of the State of Utah.

The rights created by this Agreement shall inure to the benefit of, and the obligations created hereby shall be binding upon, the heirs, administrator, successors, representatives, and assigns of the Escrow Agent and all parties to this Agreement.

All notices, instructions, or other communications among the parties hereto will be in writing and addressed as follows:

To the Board:	State of Utah Department of Natural Resources Board of Oil, Gas, and Mining 1588 West North Temple Salt Lake City, UT 84116
To the Operator:	Rio Algom Corporation Post Office Box 610 Moab, UT 894532
To the <u>Escrow Agent</u> :	<u>First Security Bank of Utah, N.A.</u> <u>Trust Division</u> <u>Corporate Trust Department</u> <u>79 South Main Street, Suite 310</u> <u>Salt Lake City, UT 84111</u>

6. Accounting

The Escrow Agent shall provide to Board and to Operator, ^{an annual} ~~a monthly~~ cash statement showing the beginning and ending cash balance and all transactions taking place during the ~~month~~ ^{year}.

7. This Agreement may not be altered or modified without the express written consent of the Operator, the Board, and the Escrow Agent.
8. Any Court Order delivered to the Escrow Agent will be accompanied by a legal opinion by Counsel for the presenting party to the effect that the Court order is final and unappealable.

IN WITNESS WHEREOF, the parties of the first and second parts
hereto have respectively set their hands and seals this _____ day of
_____, 1979.

RIO ALGOM CORPORATION

Vice President

Secretary

ESCROW AGENT

BOARD OF OIL, GAS, AND MINING

STATE OF UTAH)
 : ss.
COUNTY OF)

On this _____ day of _____, 197____, personally appeared before me,
_____, who being by me duly sworn did say
that he is the _____ of _____,
a _____ Corporation, and that the foregoing instrument was signed in
behalf of said corporation by authority of its Board of Directors, and
said _____ acknowledged to me that said
cororation executed the same.

Notary Public

Residing in _____, Utah

My Commission Expires:

ACKNOWLEDGMENT

_____,
the Escrow Agent named in the foregoing Agreement, hereby acknowledges that
there is on deposit at _____
deposited to the credit of _____
Operator named in the foregoing Agreement, the sum of \$_____,
said sum constituting the first installment of the Escrow Fund; that it is
aware of the foregoing agreement, that it agrees to make disbursement of the
proceeds of the within-named escrow account only within the provisions of
the terms as outlined in said foregoing agreement.

STATE OF UTAH)
 : ss.
COUNTY OF)

On this _____ day of _____, 197____, personally appeared before me,
_____, who being by me duly sworn did say
that he is the _____ of _____,
a _____ Corporation, and that the foregoing instrument was signed in
behalf of said corporation by authority of its Board of Directors, and
said _____ acknowledged to me that said
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Notary Public

Residing in _____, Utah

My Commission Expires:
